



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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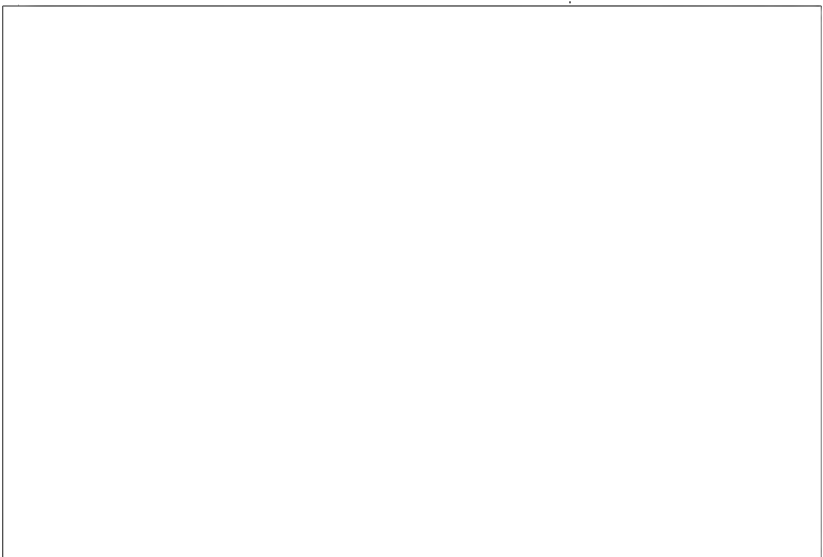
1 OCTOBER 1966

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DAILY BRIEF
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1. South Vietnam

There are more signs that the military leadership is taking measures to assure that it retains a foothold in a future constitutional government.

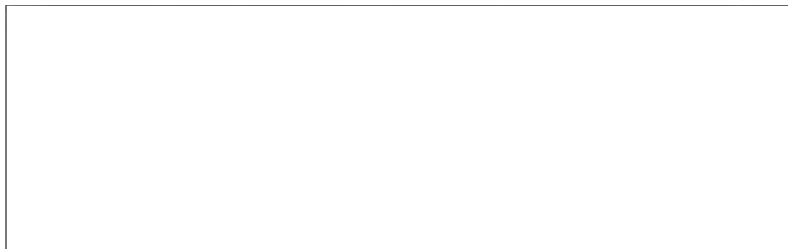


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2. Indonesia

A year ago today General Suharto and the army slapped down an open grab for power by Indonesian Communists. Suharto and a group of military and civilian leaders are now the real rulers of the country. They can look back over the year at some significant accomplishments, which are briefly discussed in today's Annex.

3. Yemen



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4. Soviet Union

Brezhnev is continuing gradually to expand his authority inside the Soviet "collective" leadership. We see this in the field of political appointments--most recently in putting a buddy from the old days in the Ukraine in charge of the country's militia.

There is also the fact that the General Secretary is still widening his role as the regime's number one spokesman.

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5. Brazil

Congress will select a new president on Monday. Retired Marshal Costa e Silva is unopposed. Students in Sao Paulo are calling for labor support for protest demonstrations on Monday against the "repressive military dictatorship." Similar demonstrations may well occur in other cities.

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ANNEX

Suharto Looks Back

A year ago today armed bands of assassins were searching out key army generals who were the last brake on Sukarno's plunge into Communism. The world's fifth most populous country seemed about to disappear behind the Bamboo Curtain.

But the army, under General Suharto, struck back within hours and the 1 October coup failed. Today Suharto and his military and civilian co-leaders can look back over the past year with some sense of accomplishment. Sukarno is now on a short tether, his radical policies reversed. The world's third largest Communist party has been crushed, and Indonesia is taking the first steps toward unraveling its economic chaos.

Suharto and his colleagues have handled Sukarno with care, slowly siphoning off his authority and carving the super-ego down to size. Sukarno, in fact, is sure to be cut down even further when his former chief lieutenant, ex-foreign minister Subandrio, goes on trial in Djakarta tonight. Subandrio, who worked long and hard to get Indonesia into the Chinese camp, is being tried for his role in the abortive events of 1 October, but it is really Sukarno who will stand in the prisoner's dock.

While reducing Sukarno's prestige and ability to influence developments, Indonesia's new leaders have reversed the course of his Peking-oriented foreign policy. They took a big step toward actual nonalignment by returning Indonesia to the United Nations on 28 September. The days of foreign policy by personal whim are over.

In the economic sphere, Indonesia submitted a stabilization plan to Western creditors in a Tokyo meeting last week. The plan talks of a balanced budget, private capital, credit controls, and a

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realistic exchange rate--all a far cry from the free-wheeling charge account techniques of Sukarno.

The Indonesian delegation in Tokyo could also point to attempts to cut government expenses and to increase tax collections.

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Suharto and company have a reasonably good report card for the past year. Whether or not they can keep up their marks depends to a large extent on their determination to enforce the tough economic measures which are sure to be painful and unpopular.

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